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C O N F I D E N T I A L SECTION 01 OF 02 SAO PAULO 001158

SIPDIS

E.O. 12958: DECL: 10/12/2015

TAGS: [PINR](#) [PGOV](#) [BR](#)

SUBJECT: CONVERSATION WITH JOSE DIRCEU, OCTOBER 9, 2005

REF: A. BRASILIA 2219

1B. BRASILIA 2687 AND PREVIOUS

Classified By: ACTING CONSUL GENERAL ARNOLD VELA. REASON: E.O. 12958, 1.4(D)

11. (C) Summary: While transiting through Sao Paulo, Brasilia TDY poloff attended an October 9 lunch with friends at which Federal Deputy and former Lula Chief of Staff Jose Dirceu was present. During their 30-minute conversation, Dirceu shared his views on the political crisis, the future of the Workers, Party (PT), prospects for political reform, and his own current status and plans for the future. End summary.

12. (C) Dirceu appeared well and reasonably relaxed. During the course of the meal, he talked mostly about his own family, cuisine, travel and personal things he wanted to do in the future. It was striking that, on the day of the decisive second round of the PT internal elections, he had fully four hours to devote to this kind of activity. His cell phone only rang three or four times. Several of these calls appeared related to efforts by the opposition to accuse his son of committing irregularities, which obviously irritated him. Following the meal, TDY poloff had the opportunity to chat one-on-one with Dirceu for about thirty minutes.

13. (C) Compared to previous conversations -- just after his resignation from the Planalto in June and again in late August (ref A) -- Dirceu was less critical of the government and more optimistic about Lula,s prospects for re-election next year. As opposed to flatly predicting the President would lose, he now thinks there will be a competitive race, the result of which is currently unforeseeable. With respect to the PT election for national president, he predicted (accurately) that Ricardo Berzoini would win narrowly, with about 52 percent of the vote. He did not anticipate that the new, more left-leaning composition of the national directorate would cause much of a problem within the party or for the government. In response to a question about the possible "re-radicalization" of the Brazilian left over the mid- and longer-term, Dirceu had the following observations: The PT ) more or less as it is today ) would continue to dominate the left side of the Brazilian political system. A few more defections might well take place, which he indicated he would even be pleased to see, but no single mass-based party would emerge to the PT,s left. And no one within its loyal ranks would take it back to the old (far left-wing) posture during the post-Lula period. In an interesting aside, Dirceu averred that ) all modesty aside ) he was the only one who could carry off such a volte-face, but he had no intention of doing so because &of the kind of person he is and the fact it would be bad for the country.8

14. (C) As on previous occasions, Dirceu did not appear very interested in the issue of political reform, or in the details or specifics of any such reform. He acknowledged that candidates, including Lula, would have to use reform as a campaign theme. In this context, Dirceu admitted that he himself had habitually spent twice what he had reported on his own campaigns and that all Brazilian politicians employed some form of &caixa dois8 (unaccounted or unreported funds). While bothered by the hypocrisy of his current adversaries on this score, Dirceu considered this practice natural and even unavoidable in a country where &politicians do not like to be seen taking money and donors do not like to be seen giving it.8

15. (C) With respect to his own situation, Dirceu intends to continue vigorously defending himself against anything but acceptance of general political responsibility for the current problems of the PT and the Lula administration. According to him, he is on good terms with the government but it is not helping him much ) and he neither wants nor needs any favors from the President,s office. Nevertheless, Dirceu still expects to be expelled from Congress and deprived of the right to run again for eight years, and he seemed on this occasion somewhat less sure than previously that this result could be paralyzed or reversed in the courts. But he regards any such judgment as a purely political one. By his lights, in contrast to most of the other accused Congressmen, there are no concrete proofs of wrongdoing on his part, and the congressional ethics committee lacks jurisdiction in his case, since he was not

acting as a federal deputy when any of the acts he is accused of were committed. He would, however, have to accept whatever eventually happens. His strategy now is to keep his head down and work to maintain the enduring influence he still retains within the party.

16. (C) In this regard, Dirceu strongly reiterated his interest in coming to the United States during the December-February period for the purpose of decompressing, working on a book and learning English. For the first time, he began making concrete inquiries about such practical matters as, for example, a visa, where he should stay in the U.S., and what he should do there. Poloff was non-committal but promised to talk with him again in Brasilia.

17. (U) This message was coordinated with Embassy Brasilia.

VELA